

Weekly Economic Review

Alberta population lifted by immigration

Population

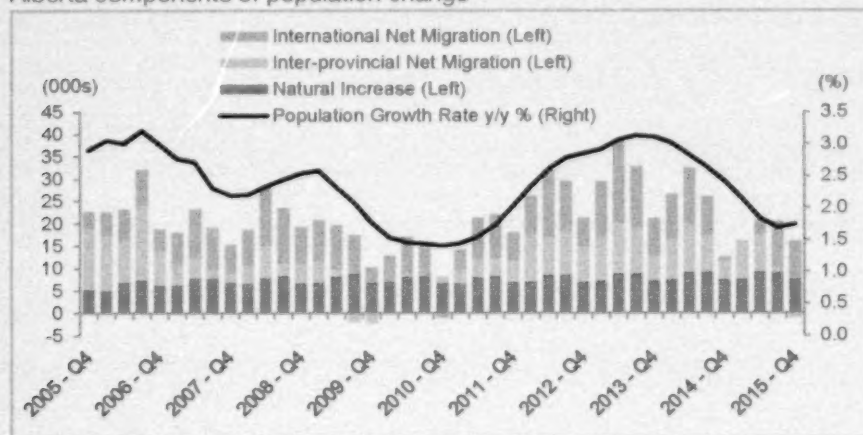
Immigration overshadows net inter-provincial outflows

As of January 1st, 2016, Alberta's total population was estimated at 4,231,959, up 1.7% from a year earlier. Despite leading the provinces, this was the slowest y/y growth since 2011, as net outflows of interprovincial migrants slightly tempered strong net international migration (Chart 1). Net international migration increased

by 8,552, the highest fourth quarter uptick on record, even with net outflow of non-permanent residents. Moreover, Alberta's share of new immigrants arriving in Canada reached a record at 18%. Spurred by the deteriorating economic situation, however, net interprovincial migration dipped into negative territory, with a net outflow of almost 1,000 people. This was the first net outflow of interprovincial migrants since the fourth quarter of 2009.

Chart 1: First dip in inter-provincial migrants since late 2009

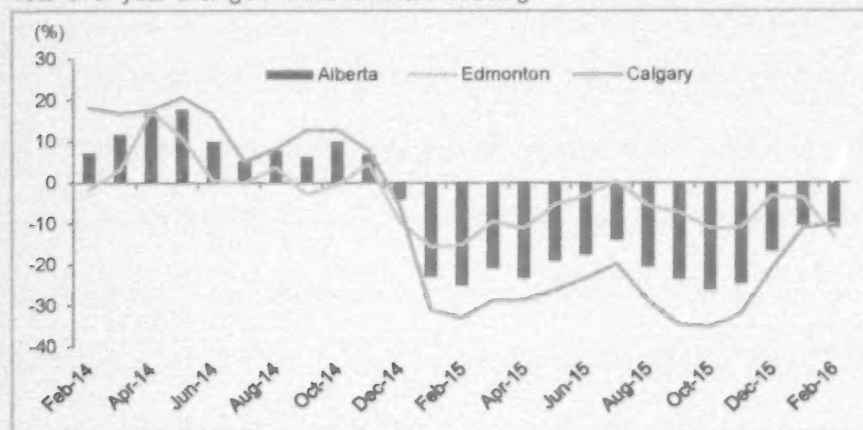
Alberta components of population change



Source: Statistics Canada

Chart 2: Existing home sales in Edmonton and Calgary keep struggling

Year-over-year change in Alberta resale housing



Source: Canadian Real Estate Association

Resale Housing

Resale activity keeps declining

Alberta's resale housing market softened further as existing home sales fell for a seventh month, down to 3,862 in February. The unabated weakness pushed resale housing activity to its lowest level since August 2010. Compared with the previous year sales fell 11%. Sales were down 10% y/y in Calgary, falling to the lowest level since November 2010. In Edmonton, sales were down 13% y/y to the lowest level since January 2009 (Chart 2). The number of new listings fell 5.2% month-over-month (m/m) to 9,133, and with fewer new listings the sales-to-new listings ratio ticked up to 42.3%. Despite the weakness, the average resale price across Alberta increased to \$385,447 after dipping in January.

Consumer Price Index

Gas prices push down inflation

Alberta's Consumer Price Index (CPI) increased 1.4% y/y in February, the lowest rate of inflation in five months. With the largest decline in four months, energy prices dragged down inflation (-12%), mainly due to gasoline prices (-20%). Rental rates (-0.2%), which declined for the first time in 4.5 years also helped limit inflation. Conversely,

the weak Loonie kept upward pressure on food (+3.2 y/y) and durable goods prices (+4.8%). Excluding food and energy, inflation was up 2.1% y/y.

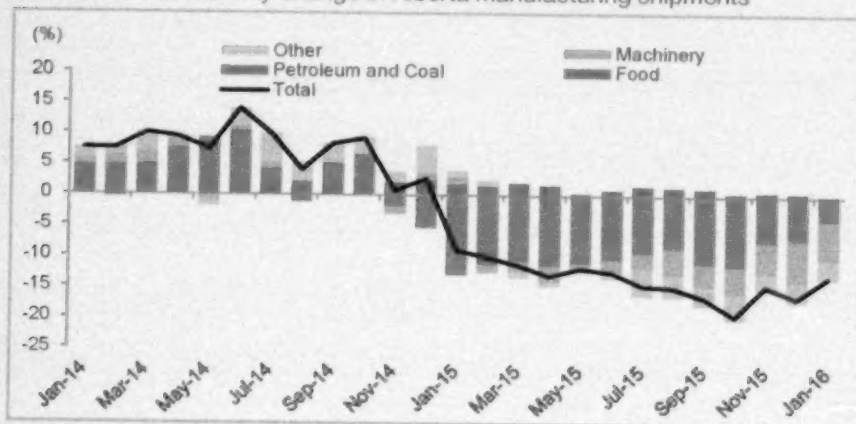
Manufacturing Shipments

Manufacturing down to five and a half year low

Lower oil prices and slowing activity are weighing on manufacturers. Alberta's manufacturing shipments fell to \$5.1 billion in January, the lowest level since July 2010. Compared with the previous year, shipments were down 13% (Chart 3). Petroleum and coal shipments were down 20% y/y due to lower prices. Manufacturing outside of the energy sector also slowed. Non-energy shipments weakened for an eleventh month, down 12% y/y. With the continued retrenchment in the American and Canadian energy sectors, equipment investment has

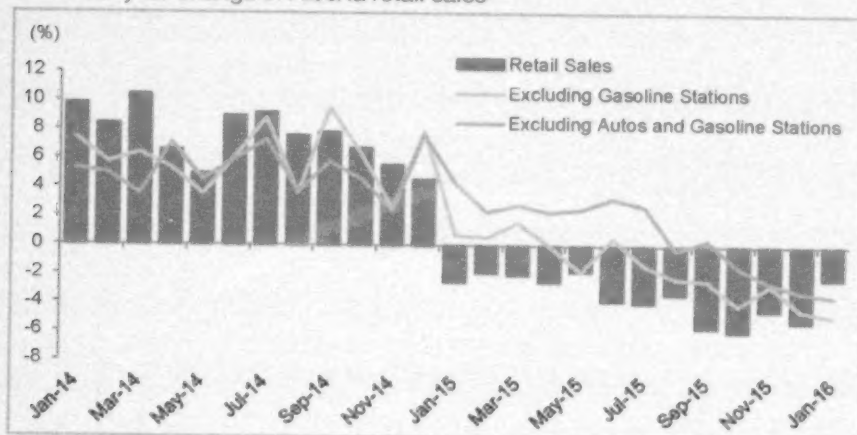
waned to the detriment of machinery manufacturers (-54% y/y). Producers of primary (-31%) and fabricated metal (-18%) products have also experienced a significant slowing of activity. In contrast, furniture (+3.6%) and electrical equipment manufacturers (+17%) have fared considerably better. Despite a monthly decline in the value of chemical shipments, production volumes were still up.

Chart 3: Weakness for manufacturers carries over into 2016
Contributions to monthly change in Alberta manufacturing shipments



Source: Statistics Canada

Chart 4: Gas stations and vehicle dealers hardest hit among retailers
Year-over-year change in Alberta retail sales



Source: Statistics Canada

Wholesale Trade

Wholesale down at start of 2016

Alberta's wholesale trade got off to a slow start in 2016, falling 1% month-over-month to \$6.3 billion in January. Compared to the previous year, wholesale remained down 11% y/y. All major categories of trade weakened. However, wholesalers of building supplies (-19% y/y) and machinery and equipment (-18% y/y) were especially hard hit as capital investment and residential and non-residential construction slowed. Motor vehicles and parts and household goods were also down as spending on discretionary items slowed in tandem with the lower retail sales.

Retail Sales

Gas stations keep sputtering

Alberta's retail sales totalled \$6.1 billion in January, down 2.2% y/y to the lowest level since August 2013 (Chart 4). Gas stations (-12%) and vehicles and parts dealers (-7.9%) both experienced further declines in sale values and volumes, and remained the two biggest drags on retail trade. Most other retail categories also struggled with weak sales. Excluding gas stations and automotive retailers, retail trade was down 3.5% y/y, with eight of eleven retail categories posting weaker sales. Though sales at health and personal care stores fell in January, they have still performed relatively well (4.7% y/y).

Contact

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.